

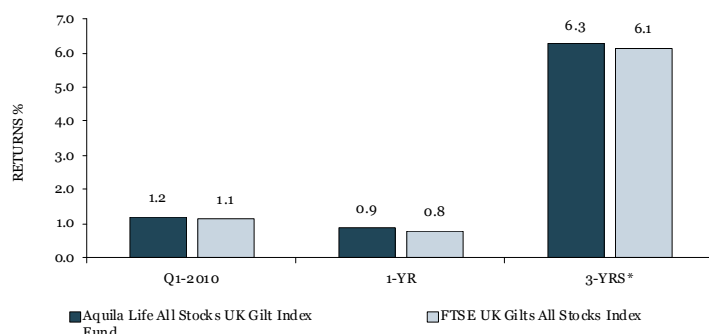
Aquila Life All Stocks UK Gilt Index Fund

31 March 2010

FUND VALUE	NET NEW MONEY	NUMBER OF HOLDINGS
£1,542,288,310	-£14,722,386	4

Source: BlackRock.

Performance



*Annualised

Past performance is not a reliable indicator of future results.

Performance shown is gross of investment management fees.

Source: BlackRock, FTSE International Limited ("FTSE") © FTSE 2004.**

Market Background

The UK economy avoided a 'double dip' recession in the first quarter, with data showing revised quarter on quarter growth of 0.4% (a modest increase on the original estimate of 0.3%). Growth was driven by the Services sector, in contrast to Manufacturing in which available evidence points to a continuing struggle to return to pre-recession rates of activity and output. Overall, the economy remains vulnerable to further bouts of weakness. Against this background, it is no surprise that the Bank of England has left the Bank Rate at a historic low of 0.50%, although in February the Monetary Policy Committee did vote to temporarily halt its programme of Quantitative Easing after purchasing £200bn of gilts and corporate bonds. Towards the end of March, market attention focused on the state of the public finances. The Budget announcement on 24th March contained only minor revisions to growth and Public Sector Net Borrowing forecasts, and gilts issuance was confirmed at £187.3bn. Concern over the scale of UK public sector borrowing has contributed to continuing sterling weakness, most notably a 6% depreciation against the US dollar since the beginning of the year. Gilt yields ended March little changed from levels at the beginning of the year, having moved in a very tight range for much of the quarter.

Quarterly Commentary

The fund is neutral to benchmark duration. Benchmark duration at quarter end was 14.60 years. The fund tracked within its tolerance during the quarter.

Auction Date	Gilt	Amount Auctioned (£ million nominal)	Average Accepted Price (£)	Index Entry Price (£)	Traded Price (£)
06-Jan-10	2¾% Treasury Gilt 2015	4,399	98.47	98.46	98.40
13-Jan-10	4¼% Treasury Gilt 2049	2,425	98.22	98.24	98.28
21-Jan-10	3¾% Treasury Gilt 2019	3,575	97.30	97.84	97.79
02-Feb-10	5¼% Treasury Gilt 2012	4,030	108.20	108.20	108.18
03-Feb-10	5% Treasury Gilt 2018	3,000	109.06	109.16	109.11
09-Feb-10	4½% Treasury Gilt 2034	2,159	100.02	100.12	100.21
24-Feb-10	3¾% Treasury Gilt 2019	3,300	97.05	97.47	97.79
02-Mar-10	4¼% Treasury Gilt 2039	2,169	94.54	94.91	94.90
03-Mar-10	2¾% Treasury Gilt 2015	4,321	99.79	99.67	99.65
09-Mar-10	4% Treasury Gilt 2022	3,296	96.91	97.15	97.15
18-Mar-10	4¾% Treasury Gilt 2020	3,575	106.19	105.99	105.94

HOLDINGS	FUND %
Aquila Life 5 to 15 Years UK Gilt Index Fund	34.6
Aquila Life Up To 5 Years UK Gilt Index Fund	33.6
Aquila Life Over 15 Years UK Gilt Index Fund	31.6
Aquila Life Undated Gilt Index Fund	0.2

Source: BlackRock.

**FTSE(tm) is a trademark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited under license. All rights in the FTSE Indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE Indices or underlying data.

BLACKROCK